

RETENTION PROGRAM RECOMMENDATION FOR IMPROVING CUSTOMER LOYALTY AT PT. INDOSAT BANDUNG

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Abstract—Telecommunications business industry is business that have rapid development with higher competition between provider in Indonesia. PT. Indosat is a telecommunications service company that has been established since 1967 and is the second largest telecom operator in Indonesia. Final data in 2011 showed that the customer churn rate Bandung in November is 18% and in December is 16% . It is shows that the customer churn rate is high. To reduce the churn rate, PT. Indosat should reduce the number deletion by arrange retention programs that can increase customer loyalty. To find out the cause of the problem, research performed by doing external analysis, internal analysis, and analysis of service profit chain in PT. Indosat. Based on the analysis, the root of the problem that caused the high churn rate contained in the products, people, place, price, promotion and process. The next step is to distribute 100 questionnaires regarding SERVQUAL by including attributes the root cause. The results of the questionnaire are then processed by the method of IPA (Index Performance Analysis) Matrix, and obtained three factors that should be prioritized for repairs, the People, Promotion, and Product (Network). Proposed solutions to improve the factor that causing customer churn is done by creating a program implemented by the Division of Customer Service and Retention Indosat. The end result of this study is to provide improvements to the factors that lead to customer dissatisfaction with the program and implementation plan to improve customer satisfaction. With the proposal given the expected level of churn rate in PT. Indosat Bandung will decrease.

Keywords: PT.Indosat Bandung, Telecommunications, Retention Program, Customer Loyalty

1. Introduction

Indonesia is a developing country that has a high population levels. While nowadays development of world economy are progressing very fast and dynamic in every fields, each company in various countries, especially in Indonesia also requires to be able to adjusting with market demands. Development in telecommunications technology also has support the increasing national economic growth with providing the ease in dissemination of information throughout the territory of Indonesia. With the increasing purchasing power, the growth of the telecommunications industry is increasing with more demand for people to use this service. Currently, there are many players that participate in the business telecommunications and this causes the competition between telecommunications providers to winning the customer can no longer inevitable.

PT. Indosat Tbk as one of the old players in this industry already feeling the impact of this increased competition. With increasing numbers of player who compete in this industry, it's encouraging Indosat to innovate and develop strategies business to keep company's position as the second largest operator in Indonesia. Number of subscriber is the most important factor for Indosat for gain company's revenue and with increasing number of telecommunications providers that offer services with cheap rate promo, then the bargaining power now lies with the customer where customer have the power to choose a service that is felt more favorable. That's why Indosat should develop strategy that meet with customer needs and wants for making customer loyalty.

A. Company Profile

PT Indosat Tbk was established by the Government on November 10, 1967 as a foreign investment company to provide international telecommunications services in Indonesia and began commercial operations in September 1969. (www.indosat.com,2011). In 2003 merged with Satelindo, Bimagraha and IM3 and all assets and liabilities of such legacy subsidiaries were transferred to us on such date. Since entering the Indonesian cellular market through our acquisition of Satelindo and establishment of IM3 and the subsequent integration of such companies in 2003, cellular services have become the largest contributor to our operating revenues. In 2003 Indosat shares are owned by the Qatar telecom Q.S.C. (Qtel) indirectly through Indonesia Communications Limited (ICLM) and Indonesia Communications Pte Ltd (ICLS) of 40.81%, while the Government of the Republic of Indonesia and the public have respectively 14.29% and 44.90%. (www.indosat.com,2011)

a) Vision and Mission

Vision PT. Indosat is To be the customer's preferred choice for all information and communication needs.

The mission of PT. Indosat is:

- To provide and develop innovative and quality products, services, and solutions, which offer the best value to our customers.
- To continuously grow shareholder values.
- To provide better quality of life to our stakeholders. (www.indosat.com,2011)

b) Organizational Structure

As a company that most of its shares owned by foreigners, President Commissioner of PT. Indosat is the executive of Q-Tel, while the directors that lead in PT. Indosat is a professional who is selected based on RUPS each period. Organizational Structure in PT. Indosat is divisional structure where lead by 1 President Director and 4 other directors under it who responsible with their division.

At the Figure 1 below, it show the organizational structure from PT. Indosat, tbk.:

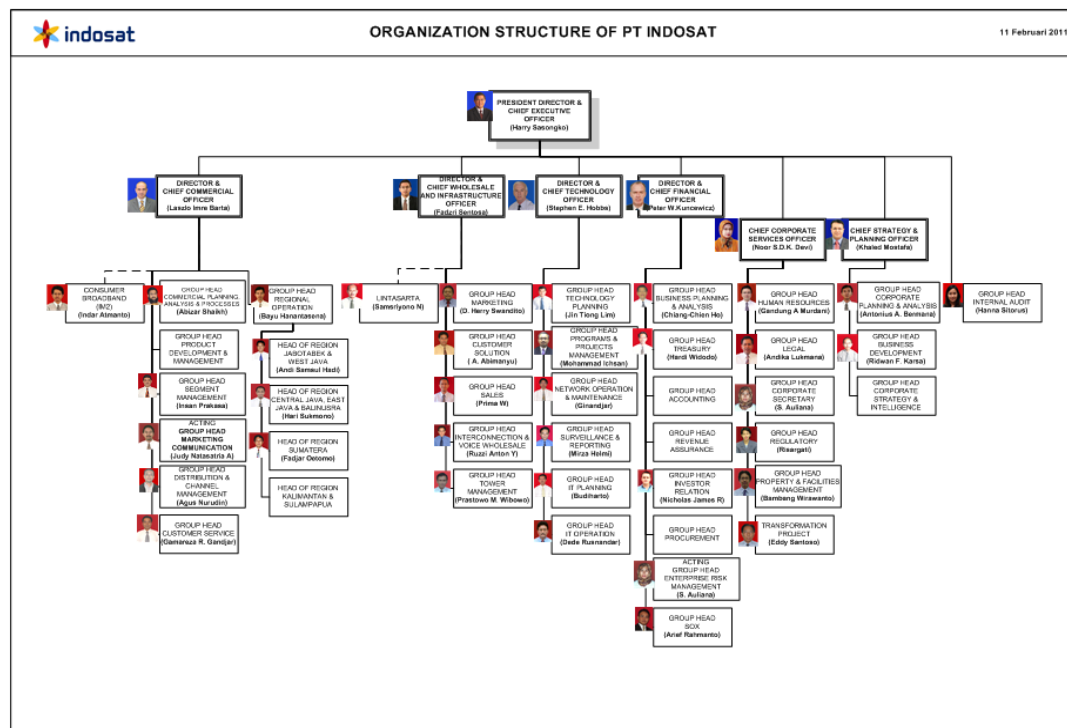


Figure 1. Organizational structure

B. Business Issue

In the national market share telecommunications industry, now PT. Indosat is ranked second after Telkomsel and before XL. By looking at current conditions where in the amount of market share between Indosat and XL are not much different, Indosat has the strategy to maintain its position as the second largest telecom operator in Indonesia. This is happening because the middle of a very tight competition in Bandung area, the number of churns that occurs every month during the year 2011 is quite large.

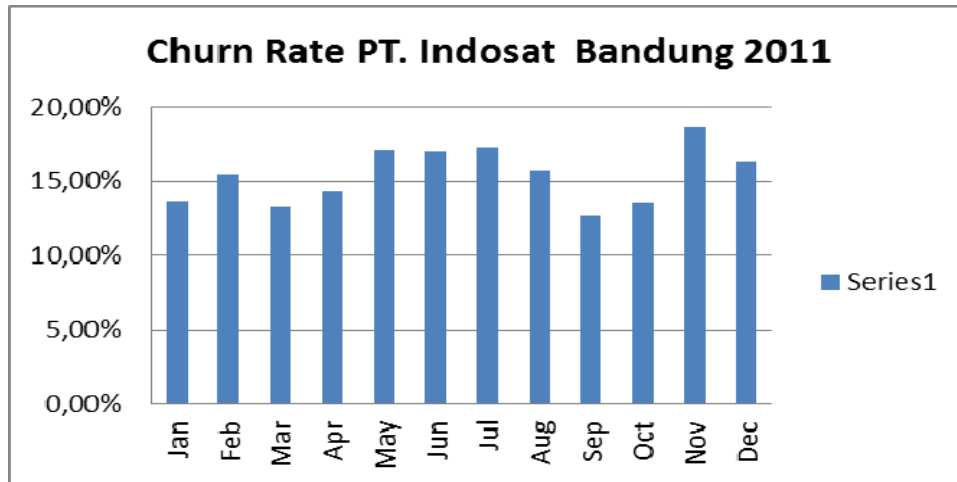


Figure 2 .Churn Rate 2011

From the chart, it can be seen the highest churn rate is in November (more than 18%) and December (more than 16%). The churn rate is high because the average rate of churn in total telecommunications industry, the customer churn rate averaged 15% - 20%.(inet.detik.com,2011) While for PT. Indosat itself, churn rate for 2011 is increased from 2010 where churn rate are in 13.3%.

In accordance with the target of PT. Indosat to maintain its position to be the strong number two in Indonesia, it's became the basis for the author to find the root cause of this high churn rate in Bandung area. The ultimate goal of this study is to propose an appropriate strategy for PT. Indosat Bandung to reduce customer churn rate by creating retention strategy to maintain existing customer that can increase customer loyalty, so the amount of churn rate will change.

2. Business Issue Exploration

A. Conceptual Framework

In this study formed the basis of data churn to create strategic management in retention program to increase customer loyalty in PT. Indosat Bandung. Conceptual framework is needed to look at the related factors that could be the root of problem. It is also used as guide to develop any strategy that can overcome the business issue. The data was collected by conducting interviews with informants from Indosat Bandung, the manager of Customer Service and Retention West Java area, interview with Team Leader Indosat Galeri, questionnaire, and depth interview with customer of Indosat. This figure above illustrated the conceptual framework which is a combination of several theories.

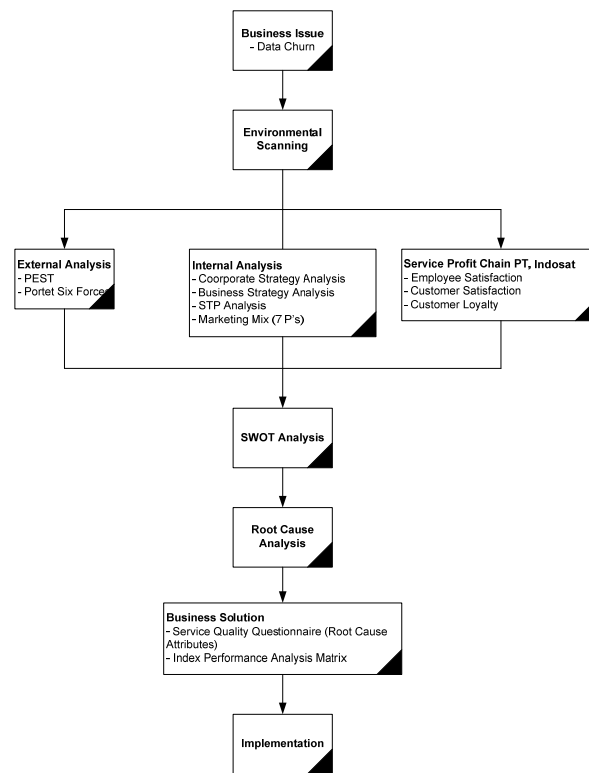


Figure 3 .Conceptual Framework

B. Method of Data Collection and Analysis

a) External Analysis

Analysis External Environmental Variables

- *Economic*

In 2011 the economy has increased and this led to a high purchasing power. From GDP we can see that telecommunications industry sectors has the highest growth with 10,7 %. (www.lensaIndonesia.com,2012) Indonesian's people has put telecommunications service as one of their most important needs to supports their daily activities. With a high growing economy, purchasing power of telecommunications services also increasing and it is causing high competition among telecommunications providers.

- *Technological*

Since 2009 competition in telecommunications industry are getting higher. For 2010, the Indonesian government has allocated Rp 1.9 trillion for R&D, which is less than one percent of the total state expenditure.(www.sea-eu.net,2012)

Telecommunications industry that have a role as a network organizer and operator service providers, predicts the total investment in Indonesian telecommunications infrastructure will increase between 50% - 60% in 2012. That is because this year is suspected to be a shift in the business of customer base (voice conversation and SMS) into a content provider (CP). (industri.kontan.co.id,2012)They are also provides new products that has benefit of cheaper rates in calls, free SMS package, and data packets that can be selected according customer needs. And it all was launched in a very short timing adapting with trends of gadgets in Indonesia. For example when Android and tablets (i-pad, galaxy tab, etc.) began entering Indonesian market and has a promising market, all telecommunications providers who previously promoting blackberry package, starting to develop internet unlimited package for users Android and I-Phone. And it is also must be supported by its infrastructure like BTS (Base Transceiver Station) that available in every area to covering the network.

- *Political-Legal*

Political and legal conditions are now much better than before which the regulations about removal of monopoly company become opportunities of growing competition in the telecommunications industry. But however, political situation in Indonesia are always unpredictable and rapidly changing

and it's requires for all players in telecommunications industry prepare for any changes that will happened and influencing their business strategy.

- *Sociocultural*

The latest data released by the Cellular Telecommunications Association of Indonesia (ATSI), collected from 10 mobile telecom companies in Indonesia, Indonesia's mobile penetration continues to rise and has now reached 110 percent of the population. Currently, the number of mobile subscribers in Indonesia has reached 250 million subscribers. (fokus.vivanews.com,2012).

Current telecommunications trends are already leading to a data service in which people not only use the card only for the activity of telephone calls or sms, but most started using it for data services this is due to the trend of gadget that is also growing. Telecom operators as part of service providers were already aware of this where all the operators either GSM or CDMA provide packet data service with competitive rates.

Industry Analysis

An industry is a group of firms that produces a similar product or service. (Wheelen and Hunger, 2010:157) Porter's five forces analysis is a framework for industry analysis and business strategy development formed by Michael E. Porter of Harvard Business School in 1979. It draws upon industrial organization (IO) economics to derive five forces that determine the competitive intensity and therefore attractiveness of a market. Although Porters mentions only five forces, a sixth that is other stakeholders is added to reflect the power of government, local communities, and other groups from the task environment wield over industry analysis. (Wheelen and Hunger, 2010:158)

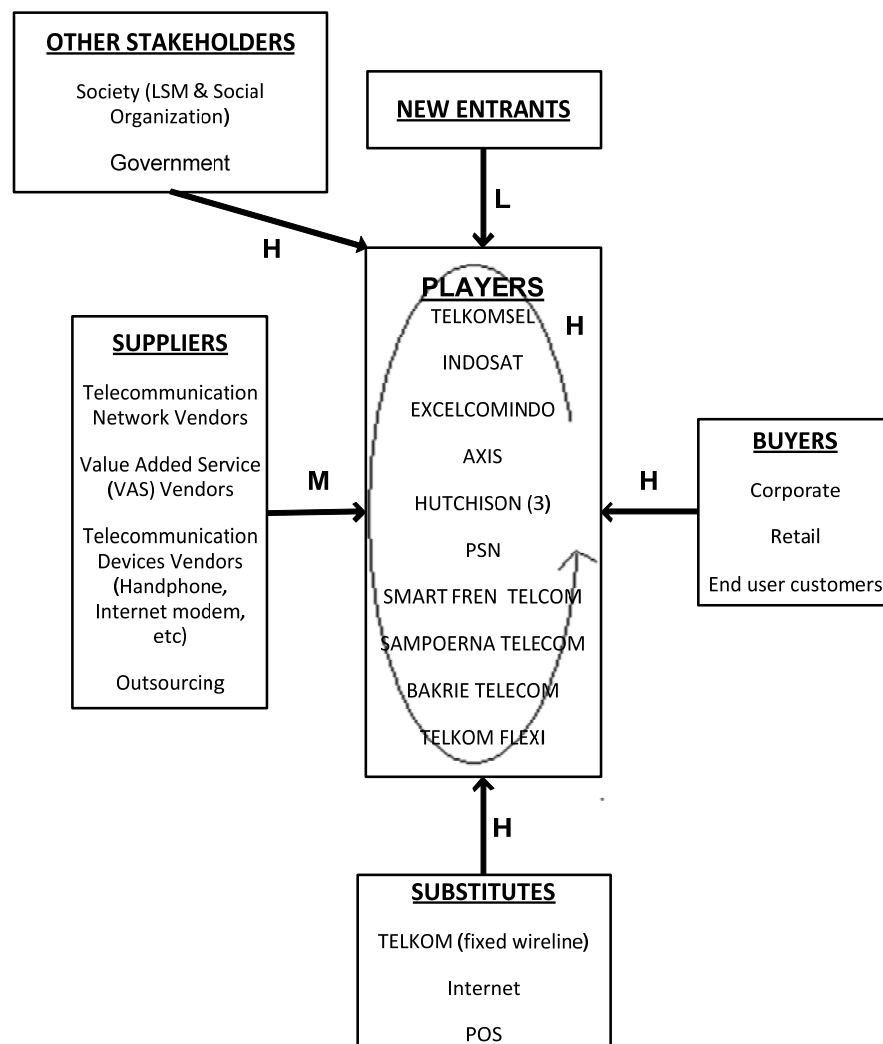


Figure 4. Porter's Five Forces

b) *Internal Analysis**Corporate Strategy*

Corporate strategy describes a company's overall direction in terms of its general attitude toward growth and the management of its various business and product lines. (Wheelen and Hunger, 2010 : 67) While competition in the telecommunications industry is getting tighter and many players started to play in this industry, PT. Indosat strategy are:

- Investment in the development of the domestic telecommunications infrastructure
- Increasing the importance of telecommunications in regional and international environment
- Limited diversification to the field of business support key business

Business Strategy

Due the condition that the company is undergoing restructuring process with the goal of efficiency in all operations. This is done because the competition has led to price war with each company trying to offer the cheapest rates for its service. In hyper competition with broad target, having cost leadership strategy allows the company to continue to earn profits during time of heavy competition.

STP Analysis

- *Segmentation*

Table 1. Market Segmentation Indosat

Segmentation	Criteria	Attributes
Geographic	Regional	East Java, West Java, Central Java
Demographic	Age	Under 10, 10-15, 15-25, 25-35, 35-45, 45-55, 55-65
	Gender	Male, Female
	Occupation	Student, employee, housewife, entrepreneur, entertainment, pension
	Education	Elementary school, Junior high school, Senior high school, Bachelor degree, Master degree, Doctoral
	Religion	Moslem, Christian, Hindu< Budha, Atheis
Psychographic	Social Class	Lower lowers, upper lowers, working class, middle class, upper middle, lower uppers, uppers uppers
	Lifestyle	Achievers, strivers, survivors
Behavioral	Benefits	<ul style="list-style-type: none"> - Good quality of network - Good after sales service - Flexibility when using the product - Wants a cheap telephone rates - Good quality of internet (speed and rates) - Large coverage of network - Want a product that is used by a lot of people - Wants a product that have a lot of bonus (free sms, voice call, and internet) - Wants a product that offering a lot of gifts

- *Targetting*

Table 2. Target Market Indosat

Product	Target Market
IM3	Youth segments, Students in age 15 -25 that want to have products with a lot of bonus mostly in sms and internet
Mentari	Mature segments, Housewife, employee in range age 35 - 55 that want to have product with cheap rates in voice call
Matrix	Employee, entrepreneur in range 25 - 45 that want to have products with good quality of network, and flexibility in using it

- *Positioning*

Table 3 .Positioning Indosat

Product	Positioning
IM3	Cards for young people with lots of free bonuses
Mentari	Cards with cheap rates in voice call to strengthen togetherness in family
Matrix	Cards to support your business with good network quality

Marketing Mix Analysis (7 P's)

- *Product*

PT. Indosat have 3 kinds of main products, they are:

1. IM3
2. Mentari
3. Matrix

- *Price*

Table 4 .Price of Indosat Product

Variable Price	IM3	Mentari	Matrix
Starter Pack	Rp. 2.400	Rp. 2.400	Free
Voice	Rp. 20/sec	Rp. 20/sec	Rp. 160/15 sec on nett Rp. 180/15 sec off nett
SMS	Rp. 150/sms	Rp. 99/sms	Rp. 100/sms on nett Rp. 150/sms off nett
GPRS	Start from Rp. 2/kb	Start from Rp. 2/kb	Rp. 1/kb
Bonus Package	IM3 0,1 sepuasnya IM3 24 IM3 Seru IM3 Ngobrol IM3 Anti Galau Indosat Mobile Indosat Mobile 24	Mentari Obral Obrol Mentari Hebat Indosat Mobile Indosat Mobile 24	Free Abonemen Indosat Mobile Indosat Mobile 24

- *Place*

For distribution of sales the products, PT. Indosat rely on distribution channel via dealer which the dealer have their own target for marketing the product and sales through the corresponding outlets cluster. Indosat service center that called Galeri Indosat also used as a sales and after sales service to provide convenience for customer in using the products

- *Promotion*

In PT. Indosat Bandung, promotion was done by below the line and above the line. Promotion is done routinely and seasonal where the routine program that done to get new customer and also maintaining existing customer, and seasonal promotion mostly done to attach new customer.

- *People*

For organizational structure of PT. Indosat, it shows that the company is using type of divisional structure. This structure is used because Indosat is a large company with many product lines in several related industry. Employee tends to be functional specialist organized according product/market distinctions. Currently PT. Indosat is undergoing a comprehensive restructuring of its management. It is also impact to the company's operation. In managing its human resources, PT. Indosat has a culture that had been applied since then and was applied in all the operations of the company. Corporate culture is the collection of beliefs, expectations, and values learned by and shared by a corporation's members and transmitted from one generation of employees to another. Indosat's organizational culture consists of five major keys namely Integrity, Cooperation, Superiority, Partnership, and Customers Focus (Insan Gemilang)

- *Process*

The process delivery of telecommunications service are divided into pre-sales, customer subscription process Indosat product and after sales service process.

- *Pre Sales*

In this process, customer see advertising about indosat product via print media (newspaper, magazine), electronic media (television, radio, internet), or social media (twitter, facebook). Then the customer looking for information about the detail of the promo via call center, email, or come to Galeri Indosat

- *Interesting to use the product*

Customer fill out application for postpaid registration card in Galeri Indosat, where the number will be active in 4 hour. If customer are interested in using prepaid card (IM3 or Mentari, they can directly purchase the product (starter pack) via Galeri Indosat or from outlets and registering the card with valid information so that the number can be directly used.

- *After Sales Service*

Customer can make complaints, service, or asking information about their products through service center that provided by Indosat

- *Physical Evidence*

For PT. Indosat Bandung, physical evidence can be seen from main office that can be found in Asia Afrika, Bumi Putera Building 2th floor and 5th floor, technical building in Soekarno hatta, and also Service center called Galeri Indosat.

c) *Service Profit Chain Indosat Analysis*

The service profit chain of Indosat are providing internal service quality to get employee satisfaction and providing external service value to get customer satisfaction and create customer loyalty.

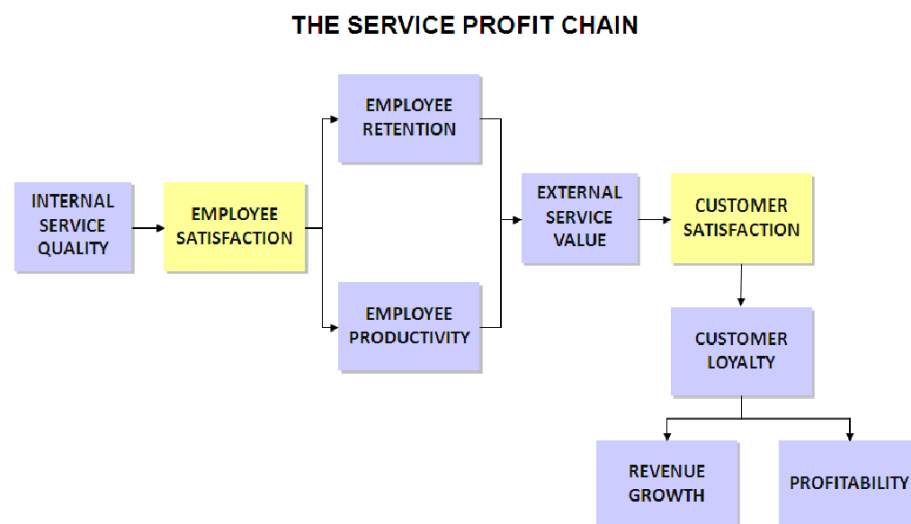


Figure 5. Indosat Service Profit Chain

PT. Indosat gained satisfaction from the quality of consumer goods or service offered. Therefore, to establish the total satisfaction in the long run is to commit to the quality of product or services offered, which will provide a payoff worth that growing loyalty of customer.

- *Employee Satisfaction*

Employee satisfaction is the terminology used to describe whether employees are happy and contented and fulfilled their desires and needs at work. (humanresources.about.com, 2012) Employee satisfaction in PT. Indosat as measured by ECHO survey are showing good result where only 4 indicators out of 14 indicators that are given low values, and this indicates that employees in PT. Indosat was quite satisfied with all the facilities that provided by the company. And Indosat as one of Q-Tel subsidiaries has the best reputation among other subsidiaries (16 subsidiaries). However, management also must think solution for indicators that employees feel dissatisfied with. Based on interview with Mr. Adriansyah, Indosat management had already done some step to solve this problem by doing some group discussion between management and employees to discuss about this 4 indicators and creating win win solution that can be benefit to all parties in the company and can improve the company's performance in facing competition.

- *Customer Satisfaction*

Satisfied customer buy a product again, talk favorably to other about the product, pay less attention to competing brands and advertising and buy other products from the company. (Armstrong and Kotler, 2011:145). For measuring customer satisfaction in Indosat Bandung area are done by using data questionnaire from Indosat, analysis top complain in Galeri Indosat, and depth interview with 20 customer. The result are customer are still not satisfy with service in Galeri Indosat and call center, quality of network, promotion, quality of simcard, and quality of value added service. In 2012 Indosat Bandung are concern in 5 sector including customer service to increase market share in Bandung area. That's why program and problem solution should be made to achieve its goal.

- *Customer Loyalty*

For facing high competition in telecommunications industry, creating loyal customer are important thing to maintain company's market share. Loyalty in a business context described as a customer's willingness to continue patronizing a firm over the long term, preferably on an exclusive basis, and recommending the firm's products to friends and associates. (Lovelock and Wirtz, 2011) For creating customer loyal, company should aware of customer satisfaction and creating retention program that can maintaining existing customer and makes them becomes loyal customer. From business issue, it can see that level of loyalty in PT. Indosat Bandung is still low.

C. *SWOT Analysis*

STRENGTH

1. Becoming PMA (*Perusahaan Milik Asing*) that owned by Qatar Telco and one has the best reputation among other Q-Tel subsidiaries.
2. Already has a strong image in the community as the largest provider no.2 in Indonesia
3. Already has a good infrastructure to support network operation
4. Level of employee satisfaction that already high

WEAKNESS

1. Currently experiencing transformation in all management level that indirectly affect to the operation of the company
2. Level of customer satisfaction with customer care that tend to decrease each quarterly
3. Retention program for existing customer that still lacking, resulting in high customer churn rate

OPPORTUNITIES

1. Economic condition in Indonesia that is growing
2. Population of telecommunications services users that increasing rapidly (110% of the population)
3. Abolition of monopoly in telecommunications industry
4. Trends in society that leading to mobile service

THREATS

1. Competition is getting tougher with more players

2. High bargaining power in customer where customers choose service product with the cheapest rate
3. Political situation in Indonesia that rapidly changing

D. Root Cause Analysis

By using fishbone diagram, the company will find out the reason of customer churn rate that have been described as the business issue in the previous chapter by identifying problem areas in data collection. In this diagram, all the factors that causing customer churn are classify in 7P's marketing mix.

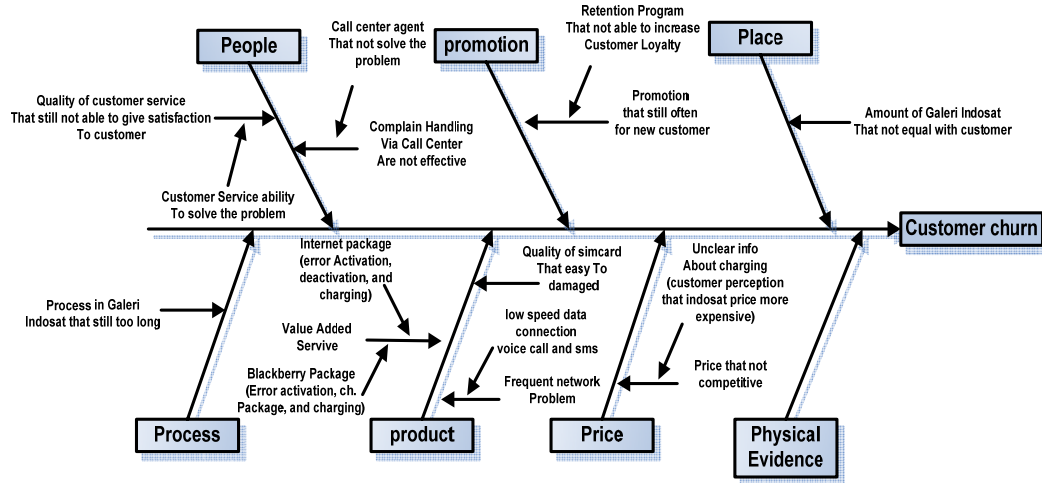


Figure 6 .Root Cause Analysis

From root cause analysis, we can see that root problem of customer churn in PT. Indosat Bandung are:

1. Service
 - Quality of customer service that still not able to create customer satisfaction
 - Call center agent that did not solve the problem
 - Process in Galeri that still too long
 - Amount of Galeri Indosat
2. Feature
 - Problem that often occurred in value added service
3. Quality of product
 - Problem in network quality
 - Quality of simcard that easy to damage
4. Promotion
 - Promotion program that often held by Indosat, mostly reserved for new customers
5. Charging
 - Customer perception that Indosat service still have more expensive service price than other provider.

3. Business Solution

From root cause that already obtained in previous chapter, questionnaire are made based on variable of root cause of customer churn in PT. Indosat Bandung. The questionnaires are conducted to 100 Indosat customer at Galeri Indosat Dukomsel, Asia Afrika, Soekarno Hatta, and customer Indosat at Dago area. This questionnaire are conducted for measuring what variable that become main problem affecting customer to switch to another provider and should be prioritized. Questionnaire design used SERVQUAL attributes, customer satisfaction, and customer loyalty. For attribute the question posed to the respondents refer to research journals called " Effect of Switching Cost, Service Quality, and Customer Satisfaction on Customer Loyalty of Cellular Service Providers in Indian Market" by SK Chadha and Deepa Kapoor from IUP Journal of Marketing Management, 2009,

by adding call quality, pricing structure, mobile device, value added service and convenience. And i'm also added promotion variables as part of the service quality because these variables includes the root cause of customer churn. Dimensions of service quality are divided into 10 operational elements. The questionnaire design is divided into two parts for SERVQUAL, the importance measurement of service attributes and performance measurement of service attributes. And for customer satisfaction and customer loyalty only using performance measurement of service attributes.

Table 5. Profil Respondents

VARIABEL		FREQUENCY	PERCENTAGE
Gender	Male	55	55%
	Female	45	45%
Age	≤ 20 years old	13	13%
	21 – 30 years old	62	62%
	31 – 40 years old	12	12%
	41 – 50 years old	8	8%
	> 50 years old	5	5%
Last Degree of Education	High School	22	22%
	Diploma	18	18%
	Bachelor Degree	42	42%
	Master Degree	17	17%
	Others	1	1%
Occupation	Government Employee	8	8%
	Private Employee	56	56%
	Entrepreneur	15	15%
	Student	15	15%
	Others	6	6%
Expenses per Month for telecommunication	≤ IDR 500.000	64	64%
	IDR 600.000 – 1,000,000	15	15%
	IDR 1,100,000 – 1,500,000	1	1%
	IDR 1,600,000 – 2,000,000	10	10%
	> IDR 2,000,000	10	10%
Period of time using Indosat service	< 6 month	7	7%
	6 – 12 months	13	13%
	13 – 24 months	14	14%
	> 24 months	66	66%
Indosat service that being used	IM3	54	54%
	Mentari	22	22%
	Matrix	22	22%

Gap value between importance and performance value is a difference between the performance and the importance of a service. The gap value calculation for each attribute are :

Table 6. GAP Value between Attributes

ATTRIBUTE	AVERAGE VALUE		GAP VALUE
	PERFORMANCE	IMPORTANCE	
Service Quality			
Tangible			
Completeness of its facilities in galeri indosat	5.08	6.06	-0.98
Quality of waiting room	5.42	6.24	-0.82

Quantity of galeri that equal with customer	4.46	6.02	-1.56
Location of galeri indosat that easy to reach	4.74	6.22	-1.48
Appearance of CSR that are neat	5.30	6.11	-0.81
Reability			
CSR fast in serving customer	5.20	6.31	-1.11
CSR is providing the proper completion deadline complaint	4.85	6.58	-1.73
Responsiveness			
CSR fast in handling complaint	4.79	6.60	-1.81
CSR giving fast respond in handling customer	5.14	6.55	-1.41
Assurance			
CSR is able to give correct information to customer	5.34	6.51	-1.17
CSR is friendly in serving customer	5.48	6.46	-0.98
CSR is polite in serving customer	5.50	6.42	-0.92
CSR is honest in serving customer	5.54	6.49	-0.95
Secure in Galeri Indosat	5.38	6.41	-1.17
Emphaty			
CSR is able to understand what customer wants	5.29	6.41	-1.12
CSR is able to communicate with customer	5.26	6.42	-1.16
Network			
Wide range of network	4.28	6.69	-2.41
Good internet connection	4.10	6.63	-2.53
Good voice call connection	4.79	6.62	-1.83
Good SMS quality	4.82	6,61	-1.79
Price			
Price equal with quality	4.68	6.37	-1.69
Price similar with advertising	4.64	6.37	-1.73
Clearly price structure	4.73	6.34	-1.61
VAS			
Variation of VAS	5.03	6.20	-1.17
VAS that Easy to use (activation,deactivation,change package)	4.57	6.38	-1.81
Appropriate service rate	4.76	6.32	-1.56
Convenience			
easy in reload and payment	5.43	6.41	-0.98
comfort in using a durable simcard	4.62	6.37	-1.75
easy to have information and complaint via call center	4.40	6.46	-2.06
easy to have information and complaint via internet	4.60	6.40	-1.8
Promotion			
Attractive promotional programs	4.78	6.27	-1.49
Promotions program that can be enjoyed by all customers	4.33	6.43	-2.1
Promotion programs with clear terms and conditions	4.40	6.31	-1.91
Average	4.88	6.40	

Based on all variables, the highest GAP of all is attribute “Quality internet connection” and the lowest GAP of all is “Appearance of CSR that are neat”.

Data then processed by using IPA (Index Performance Analysis) Matrix

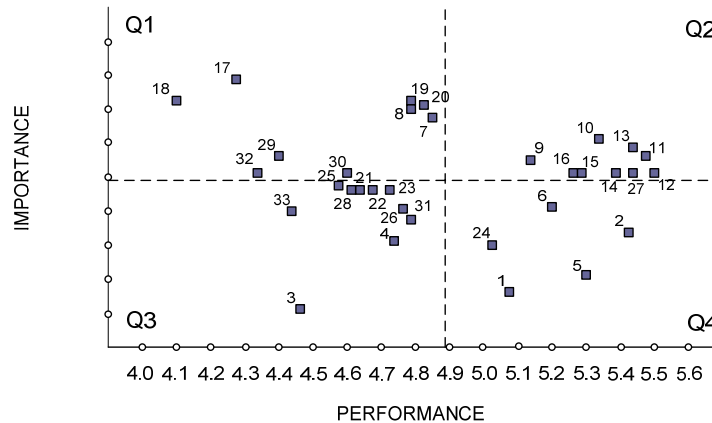


Figure 7. IPA Matrix

From questionnaire that already distributed to 100 customer Indosat, it is shown that from 5 root cause that already analyze in previous chapter, only 3 root cause that need to be improved. They are network (Wide range of network, Internet connection, SMS quality, Voice call connection), Promotion (Promotions program that can be enjoyed by all customers), and service (complaints via call center, complaints via internet, CSR fast in handling complaints, CSR is providing the proper completion deadline complaint).

4. Conclusion and Implementation Plan

Of the three factors, it's should be improved to enhance customer satisfaction that will decrease the level of churn of customer Bandung. In formulating these improvement, it was done FGD (Forum Group Discussion) attended by Indosat management and Indosat customers. This is done to discuss directly the perception of these three factors in terms of Indosat as service providers and customers as users of those services.

Based on the discussion, there are several Recommendations to solve the problems:

1. Supporting improve the quality of network performance

Network problem is a problem where the solution is carried out by the technical division. Because it is a factor that has the highest GAP based questionnaire that has been distributed to customers, then this issue should be supported by all divisions in order network performance can be improved. Here is a program conducted by the Service and Retention division to support network performance:

 - a. Periodic reports on the issue of network

Periodically collects the compilation of the complaints related to network intrusions based on the place and type of disturbance based on customer complaints into Indosat Gallery and then reported to the technical to be improving the network, especially in areas that have high traffic according to the complaint from the customer.
2. Improving retention programs that can increase customer loyalty

Retention program is a program designed for existing customers in order to increase customer loyalty also increased the number of subscribers reload. Existing programs include program per branch, and programs from headquarters. Retention program for increasing customer loyalty are:

 - a. Creating Program Reload with free gifts

Continuing program of buying voucher (reload) in Galeri Indosat, get free gift directly. This program is to improve the level of customer reload in Galeri Indosat.

This program which a program from Head Quarter was held in Galeri Indosat during the month of January-March 2012 and got high enthusiasm from customer by the number of reload in Gallery Indosat increased and the many customers who have requested that this program be held back. Retention and Customer Service Retention should design the same program for customer around Bandung area. What's interesting about this program is the reward according to the customer directly so that the customer does not need to wait for the holding of the draw.

b. Creating Program Reload bonus in Galeri Indosat

This program also to increasing reload in Galeri Indosat, where every customer who buy voucher with amount Rp. 50.000,- and reload directly to their number will got bonus reload Rp. 10.000,- that will be injected to their number less than 1x24 hours.

c. Supporting Community Program

Community Division focus on the acquisition member of Indosat Community. Retention and Customer Service Division should support activities to maintain the already established Indosat Community by designing retention program to increasing the loyalty of Indosat Community members and increasing member of each community itself.

d. Increasing Retention Program for VIP Customer

VIP customer is a customer who has contributed greatly to the revenue Indosat, because of that they required special treatment to maintain them in order to make them remain loyal using service from Indosat.

For postpaid subscribers, there are 3 levels of VIP:

- VIP Silver : Minimum usage Rp. 500.000,-/month
- VIP Gold : Minimum usage Rp. 3.000.000,- until Rp. 5.000.000,-/month
- VIP Platinum : Minimum usage more than Rp. 5.000.000,-/month

As for the prepaid customer, the customer called the Diamond VIP customer is seen by the number of reload customer each month.

e. Socializing program "Poin Indosat Senyum"

"Poin Indosat Senyum" program is a national retention program where customers are given points every reload (prepaid) or usage (postpaid) their Indosat number.

This program has been held since 2006 with the name of "Indosat Poin Plus Plus" with grand prize jaguar. In 2011 the name changed to "Poin Indosat Senyum", where Benefit gained from this program is the number of points that can be redeemed. These benefits such as discounted payment for postpaid customers, free call and free sms for prepaid customers, vouchers shopping at metro department stores, etc.

From FGD is known that a lot of customers who do not know about the program. Therefore we need to socialize a lot more to about this program via sms broadcast and socialization in Galeri Indosat.

f. Increasing cooperation with merchant

Cooperation with the merchant is where Indosat give discounts to customers at shopping malls, restaurants or other public services.

g. Increasing Grace Period Prepaid Customer Program

Grace period programs implemented to reducing inactive card and it can be reduced customer churn.

h. Improving Retention Program on Cluster

3. Improving Performance of Galeri Indosat

a. Conducting training for employees.

This training is intended to improve performance all employee in Galeri Indosat, it is includes customer service, cashiers, and security officers.

b. Conduct briefing before work to all employees.

Briefing conducted in all Galeri accommodated by each Team Leader for updated information, discussion on customer complaints, and case that happen in each Galeri.

c. Conducting Employee Gathering

Employee gathering made for refreshing of all employees in Galeri Indosat and strengthen cohesion among workers in Galeri Indosat.

- d. Conducting the evaluation of employee performance and also rewarding the best performance employee.

Evaluating and rewarding conducted to provide motivation to Customer Service in serving the customer so that they can serve customers better

- e. Making a plea for the establishment of CIG

CIG is Contact Information Gallery, which is a local call center that serves the customer complaints or requests for information for customer in Bandung area. CIG first ever operating with 3 operators and quit in 2009. The number dialed is paid as a local number, which the customer can make complaints, service requests, and information on Indosat products. Application for re-establishment of CIG taken to minimize customer complaints via Gallery Indosat and to minimize customer dissatisfaction with the service center call center.

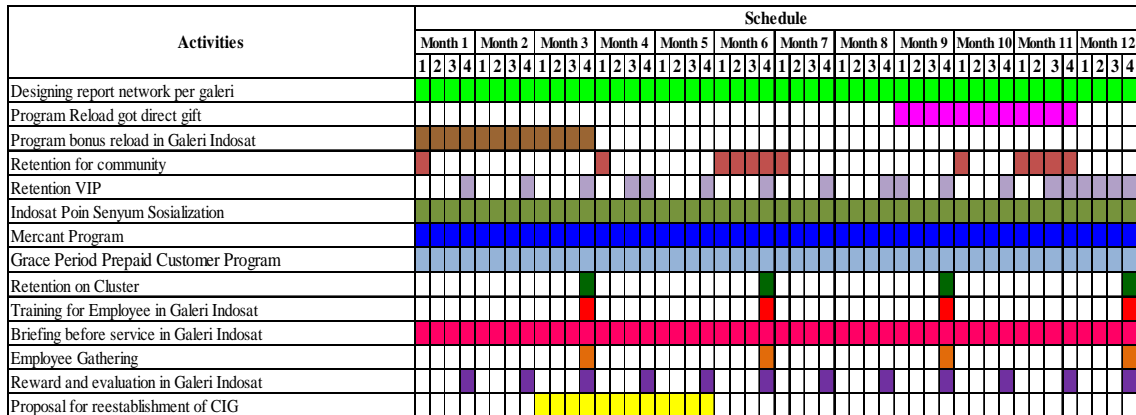


Figure 8. Implementation Timeline

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